WORLD BANK NEWS

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INTERVIEW

Bank VP: Countries Must Account For the Environment

As environmental issues take on more importance in development work, the Bank is actively trying to be at the cutting edge of this rapidly changing field. With that in mind, the institution will hold its first Annual Conference on Environmentally Sustainable Development from September 30 to October 1, 1993, in Washington, D.C.

Ismail Serageldin

Experts from across the spectrum of environmental development will take part in the conference. U.S. Vice President Albert Gore, Jr., has been invited and Jacques-Yves Cousteau will speak on the first day.

Ismail Serageldin, the Bank's Vice-President for Environmentally Sustainable Development, spoke this week to World Bank News *about the upcoming conference. Excerpts follow:*

See INTERVIEW, *page 11*

LENDING

Kazakhstan Eases Shortages With $180 Million Bank Loan

Before it declared independence in December 1991, Kazakhstan relied heavily on Soviet and Eastern European markets for trade. While Kazakhstan exported mainly oil and wheat, its partners sold this Central Asian country of 17 million people the machinery and goods needed to keep its economy running.

But as the former Soviet Union (FSU) unraveled, Kazakhstan lost much of that trade. Industrial output fell by one-quarter between 1990 and 1992 and is expected to drop another 8 percent in 1993.

To stop the economic decline, Kazakhstan has launched radical economic reforms, many of which were being initiated by the middle of this year. On September 16, the World Bank gave the effort a new boost with a $180 million loan.

"Kazakhstan faces a double crisis," says Bernard Funck, an economist in the Bank's Europe and Central Asia Region. "First, it has suffered from the recession that has affected all of Eastern Europe and the FSU. Second, the breakup of the FSU cost Kazakhstan considerable amounts of financial assistance it had received from the FSU."

"This project will address both of those problems. One, it will help the government stay the course of reforms by supporting ongoing policy changes. Two, it will also substitute for the loss of FSU resource transfers, thereby easing import shortages and enhancing productivity."

The Bank loan is broken into two parts. Some $94 million will help expand Kazakhstan's ailing foreign exchange auction market which aims to make hard currency available to importers. The new foreign exchange will help meet the rising demand of new businesses which need the cash to buy essential imports. Because foreign exchange is hard to come by, many of the business needed to fuel Kazakhstan's economy cannot produce as much as they want.

The other $86 million of the loan will

See KAZAKHSTAN, *page 12*

Three World Bank reports examine development in the Middle East and Occupied Territories. 2

Special supplement for the World Bank's 1993 Annual Meetings. 3

MIGA Annual Report, page 2

Development Agenda, page 10

MEETINGS AND EVENTS

Group Discusses Economic Cooperation In the Middle East and Occupied Territories

Participants at the September 20-21, 1993 Technical Meeting for the Multilateral Working Group on Regional Economic Development discussed three reports prepared by the World Bank at the Group's request.

The reports, entitled: *Economic Development and Cooperation in the Middle East and North Africa; Regional Cooperation and Economic Development: A Note on Priority Regional Projects;* and *Developing the Occupied Territories: An Investment in Peace,* will be revised and submitted to the Multilateral Working Group's upcoming meeting in Copenhagen, currently scheduled for early November 1993.

The first report outlines recommendations for a three-way strategy for development of the Middle East and North Africa region predicated on future regional integration, sustained liberalization policies, and a financing strategy that encourages private capital inflows and the repatriation of capital. Delegates expressed a desire for additional work to examine, among other issues, the links between regional integration and economic reform as well as the distributional effect of the benefits derived from economic liberalization.

The meeting also considered the *Note on Priority Regional Projects,* which focused on key infrastructure links in the region and made recommendations about priority projects for which funds were needed for detailed feasibility studies. Among the investment projects examined were road improvements as well as electricity and gas distribution networks linking various parts of the region.

Noting the quality of the report on the Occupied Territories, the participants indicated general agreement with its analyses and conclusions. Following the agreement on the Declaration of Principles between Israel and the Palestine Liberation Organization, which opens the possibility for the return of displaced Palestinians and which postdated the report drafting, participants agreed that further work could be necessary to reassess economic development and financing needs.

Praising the constructive spirit of cooperation that prevailed during the two-day session, World Bank Middle East Director and Meeting Chairman Ram Chopra indicated that "there is urgent need to identify future potential lending priorities for World Bank resources and other donors."

Participants at the meeting were also informed of World Bank plans to field a mission in October 1993 to prepare an emergency rehabilitation program for the Occupied Territories, with particular emphasis on Gaza; to update the analyses of the report on the Occupied Territories' economic development needs in light of the recent agreement on the Declaration of Principles; and to prepare for pre-investment and feasibility studies as well as technical assistance for priority needs in the Occupied Territories. □

MIGA NEWS

Sharp Rise in Foreign Direct Investment Contributes to Increase in MIGA Activities

A better investment climate in many developing countries contributed to an increase in foreign direct investment, according to the Multilateral Investment Guarantee Agency's (MIGA) *Annual Report 1993,* which was published in Washington on September 20.

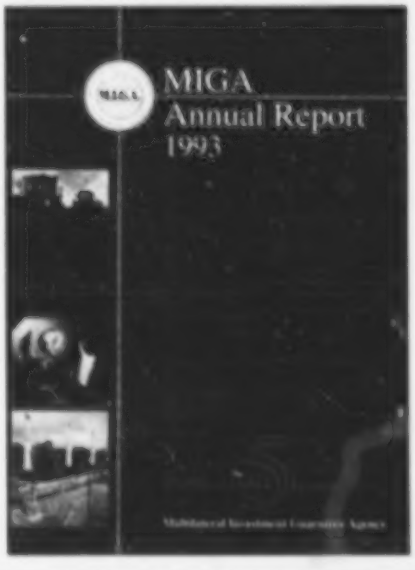
MIGA is the World Bank affiliate that helps developing countries attract foreign direct investment through investment guarantees and advisory services.

The report shows that MIGA issued 27 investment guarantees for projects in 14 developing countries in fiscal 1993, which ended June 30. These guarantees had a maximum "contingent liability" of $374 million and facilitated a total of $1.9 billion of investment.

The projects involved investors from 12 MIGA member countries and included the first contracts issued to Belgian, Dutch, Saudi, Spanish and Swiss financial institutions. MIGA also issued its first coverage for a project in Russia and its first "reinsurance" contract with Japan for coverage of an investment in Pakistan.

The report notes that 22 countries joined MIGA in fiscal 1993. Today, 107 countries are members of MIGA. As a result of the increase in membership, MIGA's subscribed capital rose to $948 million. An additional 24 countries have signed the "MIGA Convention," bringing the total number of "signatory countries" to 139. MIGA's promotional and advisory activities also expanded during the year, particularly in Africa.

MIGA's *Annual Report 1993* is free. Journalists may receive copies by writing on company letterhead to MIGA Publications, Room H-5169, Washington, D.C. 20433. Fax: (202) 477-9886. □



READEX
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The World Bank Group: An Introduction

The International Bank for Reconstruction and Development (IBRD), frequently called the "World Bank," was conceived in July 1944 at the United Nations Monetary and Financial Conference in Bretton Woods, New Hampshire, U.S.A. The World Bank opened for business on June 25, 1946.

Lewis T. Preston, President

The principle on which the Bank was founded was that many countries would be short of foreign exchange for reconstruction and development, but would be insufficiently creditworthy to meet all their needs by borrowing commercially. As an official multilateral institution whose share capital was owned by countries in proportion to their economic size, the Bank would be able to intermediate by borrowing on world markets and lending more cheaply than commercial banks. It would also be able to exercise sound judgment about which projects to help finance.

The goal of the World Bank is to promote economic development that benefits poor people in developing countries. The World Bank provides loans to developing countries to help reduce poverty and to finance investments that contribute to economic growth. Investments include roads, power plants, schools, and irrigation networks, as well as activities like agricultural extension services, training for teachers and nutrition-improvement programs for children and pregnant women. Some World Bank loans finance changes in the structure of countries' economies to make them more stable, efficient, and market-oriented. The World Bank also provides "technical assistance," or expert advice, to help governments make specific sectors of their economies more efficient and relevant to national development goals.

The first loans approved by the World Bank helped finance the reconstruction of the war-ravaged economies of Western Europe. Today, the World Bank lends to the developing countries of Africa, Asia, Latin America and the Caribbean, North Africa, the Middle East and Europe.

Y. Haidar

Chinese woman drafts blueprints for a machine tool factory.

The World Bank operates under the authority of a Board of Governors. Each of the World Bank's 176 member countries is represented by one governor, who is usually a ministerial-level government official. The Board of Governors delegates its authority to a smaller group of representatives, the Board of Executive Directors, which is based in Washington.. The Board of Executive Directors is responsible for decisions on policies affecting the World Bank's operations and for the overall approval of all loans. The World Bank's president is the chairman of the Board of Executive Directors.

The World Bank has three affiliated institutions: the International Development Association (IDA), the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA). The headquarters of the World Bank and its affiliates are in Washington, D.C.

IBRD: The International Bank for Reconstruction and Development has 176 member countries as of August 1993.

The interest on World Bank loans to developing countries changes every six months. The current rate is 7.43 percent. Loans generally have a five-year grace period and must be repaid during periods ranging from 15 to 20 years. In fiscal 1993, which ended on June 30, 1993, the IBRD approved loans totaling $16.9 billion for 122 economic development projects and programs designed to restructure national economies in 44 countries. Some of the money that the IBRD lends to developing countries comes from contributions from the institution's member countries. But the majority comes from bonds issued in world financial markets.

See, WORLD BANK, *page 4*

The World Bank and Its Affiliates

WORLD BANK, *from page 3*

IDA: The International Development Association, established in 1960, has 154 member countries as of August 1993. The World Bank affiliate provides no-interest loans to the world's poorest countries. Only countries with annual per capita incomes of less than $1,305 can borrow from IDA. However, most of IDA's loans are provided to countries with annual per capita incomes of $805 or less. IDA loans, which are known as "credits," have a 10-year grace period and must be repaid in 35 or 40 years (according to the borrowing country's creditworthiness). In fiscal 1993, IDA approved credits totaling $6.8 billion for 110 development projects and economic restructuring programs in 45 countries. The money that IDA lends comes from contributions from wealthier nations, an occasional contribution from the profits made by the IBRD, and repayments of IDA credits. Although legally separate from the World Bank, IDA shares the World Bank's staff and facilities.

IFC: The International Finance Corporation, established in 1956, has 156 member countries as of August 1993. It promotes economic growth in developing the private sector. Unlike the IBRD, it lends without government guarantees. The IFC may also take equity positions in companies to which it lends, play the role of catalyst to other investors from the private sector, and work to develop capital markets in developing countries. In fiscal 1993, this World Bank affiliate approved financing of $2.1 billion for its own account in 185 projects and other activities carried out by the private sector.

MIGA: The Multilateral Investment Guarantee Agency, established in 1988, has 110 member countries as of August 1993. This affiliate promotes private investment in developing countries. It provides investment guarantees to protect investors from non-commercial risk.□

UNICEF/Shehzad Noorani

Community counselor in Bangladesh distributes oral rehydration salts.

IDA and Development

The International Development Association (IDA), established in 1960, is the World Bank's concessional lending affiliate.

IDA's mandate has always been to channel assistance to low-income countries for development. Over the years, IDA has provided capital for investments in all sectors of economic activity. During the 1980s, greater emphasis was placed on economic and institutional reform and aid coordination. In the 1990s, IDA will sharpen its focus on reducing poverty and on increasing its effectiveness in this area.

The Poorest Countries

IDA was established in 1960 to help low-income countries which could not afford World Bank loans meet the foreign exchange costs of imports of goods such as industrial machinery, spare parts, fertilizers and pesticides which are essential for economic development.

While the objectives of promoting sustainable development and reducing poverty are constant in principle, the ways of reaching them may vary in practice. As the needs of developing countries have changed so has IDA lending. In the 1960s IDA financed mainly infrastructure projects. For example, IDA credits helped to finance irrigation and drainage projects in India and Pakistan where greater agricultural output was vitally needed to keep pace with growing populations. The Association also supported construction of highways and roads in Latin America, financed municipal water supply systems in cities such as Amman and Taipei, and helped build power plants and ports in other developing countries.

The poverty reduction strategy introduced in the 1970s expanded the range of investments by placing more emphasis on programs which more directly benefitted the poor. During this period, IDA greatly increased its support for agriculture, rural development and human resource development.

But low-income countries suffered particularly from the difficult economic conditions of the 1980s. They were buffeted by low commodity prices, slower growth in world trade, debt and high real interest rates, and a fall in per capita terms in official development assistance from industrial countries. Economic policy in many developing countries was also inadequate.

At the request of donors and recipients, IDA responded by becoming much more involved in economic policy change and institutional reform. Structural adjustment lending was introduced to help countries reorient their economic policies to those that would encourage more rapid economic growth.

The great majority of IDA credits are extended for specific investments, but today about one-quarter of IDA lending supports structural reform programs.

IDA's Evolving Role

IDA has taken an active role in helping governments undertaking structural adjustment to protect and expand social and environmental programs. It supports rural development programs and projects which aim to increase agricultural productivity and ensure adequate food supplies. IDA also finances projects that give special attention to improving women's incomes and status in their communities. The Association has markedly increased its support for population, health and nutrition projects.

Malawian farmer inspects this year's harvest.

Environmental concerns have been integrated into all aspects of IDA's operations. The Association is helping borrowers develop their own Environmental Action Plans to identify the policy changes and investments that are required for environmentally sustainable development.

Two vital contributions that IDA makes to economic development in low-income countries are the funds it mobilizes in support of countries' development programs and the role it plays in coordinating the use of resources by borrowers.

IDA is the largest single source of multilateral concessional funds. Its annual net disbursements of around $4 billion are about 30 percent of net concessional multilateral disbursements, and 12 percent of Official Development Assistance. The Association also helps mobilize and coordinate aid from other multilateral organizations and donor countries.

IDA's involvement is often a catalyst for other bilateral aid donors and regional development banks to participate in providing assistance. On average, for every dollar IDA commits, 50 cents of cofinancing is mobilized. The Association can provide timely support for a country's adjustment effort.

Growing Demand

The list of countries in need of IDA's resources continues to grow. Newly independent nations, particularly the former republics of the Soviet Union, are rapidly joining the multilateral financial system. A number of low-income countries have become eligible for IDA support, and most other low-income countries are continuing with, or embarking on, economic reform programs with support from IDA.□

Glossary of Major Groups

Group of Seven

The Group of Seven consists of the major industrial countries whose heads of state or government meet at economic summits. The members are Canada, France, Germany, Italy, Japan, United Kingdom and the United States.

Group of 10

Under the IMF's General Arrangements to Borrow, established in 1962, 10 industrial members of the IMF (Switzerland joined in the spring of 1984 but the Group retains its numerical designation) stand ready to lend their currencies to the IMF up to specified amounts when supplementary resources are needed. The group consists of finance ministers of Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, the U.K. and the United States.

Group of 24

A group of finance ministers from 24 developing country members of the Bank and Fund. The African, Asian, and Latin American and Caribbean country groupings in the Group of 77 (see below) choose eight representatives each to the G-24. Formed in 1972, the G-24 meets at regular intervals, usually in conjunction with Bank/IMF ministerial meetings, to determine the developing countries' positions for these meetings and related matters. The Group of 24 is the organ of the Group of 77 that formulates positions on developmental and monetary issues.

Group of 77

A grouping of developing countries, formed in 1967, whose numerical designation has persisted, although its membership has increased to 127 countries. The group functions as a caucus as well as the negotiating arm of the developing countries.

Development Committee

Formally, the "Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund on the Transfer of Real Resources to Developing Countries." Established in October 1974, the Committee currently consists of 24 members, generally ministers of finance, appointed in turn for successive periods of two years by one of the countries or groups of countries that designates a member of the Bank's or IMF's Board of Executive Directors. The Committee is required to advise and report to the Boards of Governors of the Bank and the IMF on all aspects of the broad question of the transfer of real resources to developing countries.

Interim Committee

The Interim Committee, known formally as the "Interim Committee of the Boards of Governors on the International Monetary System," was established in October 1974 to advise the Board of Governors of the IMF on supervising the management and adaptation of the international monetary system as well as dealing with disturbances that might threaten the system. The Committee, whose members are governors of the IMF, Ministers, or others of comparable rank, reflects the composition of the Fund's Executive Board: each member country that appoints, and each group that elects, an Executive Director, appoints a member of the Committee, which has 24 members. □

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**All numbers are in area code 202 in the U.S.A.*

Member	% of Total Subscriptions	% of Voting Power
Afghanistan	.02	.04
Albania	.06	.08
Algeria	.38	.38
Angola	.19	.21
Antigua and Barbuda	.02	.04
Argentina	.73	.73
Armenia	.08	.10
Australia	1.57	1.54
Austria	.81	.80
Azerbaijan	.07	.08
Bahamas, The	.08	.09
Bahrain	.05	.06
Bangladesh	.32	.33
Barbados	.07	.08
Belarus	.14	.15
Belgium	2.11	2.06
Belize	.02	.04
Benin	.04	.05
Bhutan	.03	.05
Bolivia	.07	.09
Botswana	.04	.06
Brazil	1.82	1.78
Bulgaria	.38	.39
Burkina Faso	.04	.05
Burundi	.03	.05
Cambodia	.02	.03
Cameroon	.06	.08
Canada	3.26	3.18
Cape Verde	.04	.05
Central African Republic	.04	.05
Chad	.04	.05
Chile	.50	.51
China	3.26	3.18
Colombia	.46	.47
Comoros	.02	.04
Congo	.04	.05
Costa Rica	.02	.03
Cote d'Ivoire	.18	.20
Croatia	.09	.11
Cyprus	.11	.12
Czech Republic	.26	.27
Denmark	.75	.74
Djibouti	.02	.04
Dominica	.02	.04
Dominican Republic	.09	.10
Ecuador	.11	.13
Egypt, Arab Republic of	.52	.52
El Salvador	.01	.03
Equatorial Guinea	.03	.05
Estonia	.04	.05
Ethiopia	.07	.09
Fiji	.05	.07
Finland	.62	.62
France	5.06	4.92
Gabon	.04	.06
Gambia, The	.02	.04
Georgia	.12	.13
Germany	5.27	5.13
Ghana	.06	.08
Greece	.07	.08
Grenada	.04	.06
Guatemala	.08	.10
Guinea	.05	.07
Guinea-Bissau	.02	.04
Guyana	.08	.09
Haiti	.04	.06
Honduras	.03	.04
Hungary	.59	.59
Iceland	.09	.11
India	3.26	3.18
Indonesia	1.09	1.08
Iran, Islamic Republic of	1.73	1.69
Iraq	.20	.22
Ireland	.38	.39
Israel	.35	.35
Italy	3.26	3.18
Jamaica	.16	.17
Japan	6.83	6.64
Jordan	.10	.12
Kazakhstan	.12	.14
Kenya	.18	.19
Kiribati	.02	.04
Korea, Republic of	.68	.68
Kuwait	.97	.96
Kyrgyzstan	.05	.06
Lao People's Dem. Rep.	.01	.02
Latvia	.06	.07
Lebanon	.02	.04
Lesotho	.03	.04
Liberia	.03	.05
Libya	.57	.57
Lithuania	.06	.08
Luxembourg	.12	.13
Madagascar	.06	.07
Malawi	.08	.09
Malaysia	.60	.60
Maldives	.02	.04
Mali	.05	.06
Malta	.08	.09
Marshall Islands	.02	.04
Mauritania	.04	.05
Mauritius	.09	.11
Mexico	.77	.76
Micronesia	.03	.05
Moldova	.10	.11
Mongolia	.03	.05
Morocco	.20	.21
Mozambique	.04	.05
Myanmar	.17	.18
Namibia	.06	.08
Nepal	.07	.09
Netherlands	2.59	2.52
New Zealand	.48	.48
Nicaragua	.04	.06
Niger	.04	.05
Nigeria	.52	.52
Norway	.73	.72
Oman	.11	.13
Pakistan	.62	.62
Panama	.02	.03
Papua New Guinea	.05	.07
Paraguay	.05	.07
Peru	.22	.23
Philippines	.28	.29
Poland	.45	.45
Portugal	.40	.40
Qatar	.08	.10
Romania	.29	.30
Russian Federation	1.83	1.79
Rwanda	.04	.06
St. Kitts and Nevis	.02	.04
St. Lucia	.04	.06
St. Vincent	.02	.04
Sao Tome and Principe	.02	.04
Saudi Arabia	3.26	3.18
Senegal	.08	.10
Seychelles	.02	.04
Sierra Leone	.03	.05
Singapore	.02	.04
Slovak Republic	.13	.15
Slovenia	.05	.07
Solomon Islands	.02	.04
Somalia	.04	.06
South Africa	.98	.97
Spain	1.73	1.69
Sri Lanka	.28	.29
Sudan	.06	.08
Suriname	.03	.05
Swaziland	.03	.05
Sweden	1.09	1.07
Switzerland	1.94	1.90
Syrian Arab Republic	.09	.10
Tajikistan	.08	.09
Tanzania	.05	.07
Thailand	.41	.42
Togo	.05	.06
Tonga	.02	.04
Trinidad and Tobago	.11	.12
Tunisia	.05	.07
Turkey	.54	.54
Turkmenistan	.04	.06
Uganda	.04	.06
Ukraine	.80	.79
United Arab Emirates	.17	.19
United Kingdom	5.06	4.92
United States	17.71	17.18
Uruguay	.11	.13
Uzbekistan	.10	.12
Vanuatu	.04	.06
Venezuela	.83	.82
Viet Nam	.04	.06
Western Samoa	.02	.04
Yemen, Republic of	.09	.11
Zaire	.19	.20
Zambia	.11	.13
Zimbabwe	.14	.15
Total	**100.00**	**100.00**

Country	Per Capita GNP (US$)	Population Growth (annual %)	Population (thousands)
Afghanistan	—	2.97	21,603
Albania	—	1.29	3,344
Algeria	1,830	2.71	26,375
Angola	–	2.82	9,728
Antigua and Barbuda	4,870	1.19	81
Argentina	6,050	1.16	33,092
Armenia	780	1.74	3,477
Australia	17,070	1.42	17,538
Austria	22,230	0.5	7,862
Azerbaijan	870	1.53	7,230
Bahamas, The	11,990	1.79	264
Bahrain	—	2.61	529
Bangladesh	220	1.98	112,750
Barbados	6,530	0.38	259
Belarus	2,920	0.18	10,335
Belgium	20,890	0.31	10,035
Belize	2,220	2.72	199
Benin	410	2.87	5,026
Bermuda	—	-16.63	52
Bhutan	170	2.33	1,498
Bolivia	680	2.45	7,527
Botswana	2,800	2.92	1,358
Brazil	2,770	1.6	153,848
Brunei	—	2.63	272
Bulgaria	1,330	-0.19	8,958
Burkina Faso	300	2.91	9,542
Burundi	200	2.88	5,816
Cambodia	—	2.52	9,011
Cameroon	820	3.02	12,239
Canada	20,600	0.6	27,463
Cape Verde	850	2.35	389
Central African Republic	410	2.47	3,162
Chad	210	2.57	5,976
Chile	2,510	1.56	13,595
China	380	1.52	1,166,996
Colombia	1,290	1.72	33,405
Comoros	510	3.56	510
Congo	1,030	3.38	2,429
Costa Rica	2,010	2.29	3,134
Cote d'Ivoire	700	3.32	12,770
Croatia	—	0.09	4,773
Cuba	—	0.87	10,829
Cyprus	9,820	1.07	718
Czech Republic	2,460	0	10,310
Denmark	25,930	0.21	5,165
Djibouti	—	5.44	465
Dominica	2,510	0.35	72
Dominican Republic	1,040	1.71	7,320
Ecuador	1,070	2.2	11,019
Egypt, Arab Republic of	630	2.24	54,805
El Salvador	1,170	2.03	5,385
Equatorial Guinea	330	2.26	437
Estonia	2,750	0	1,562
Ethiopia	110	2.6	54,162
Fiji	2,070	1.13	749
Finland	23,050	0.35	5,046
France	22,320	0.44	57,298
French Guiana	—	0	96
French Polynesia	—	2.73	208
Gabon	4,480	2.83	1,201
Gambia, The	390	2.97	929
Georgia	850	0.3	5,494
Germany	26,180	0.05	80,165
Ghana	440	3.26	15,836
Greece	7,260	-0.05	10,324
Grenada	2,310	0	91
Guadeloupe	—	1.24	400
Guatemala	980	2.95	9,746
Guinea	510	2.83	6,046
Guinea-Bissau	210	1.99	1,021
Guyana	330	0.68	807
Haiti	—	1.83	6,714
Honduras	550	3.02	5,418
Hong Kong	15,370	0.95	5,809
Hungary	3,000	-0.45	10,298
Iceland	23,670	1.14	261
India	310	1.9	882,949
Indonesia	660	1.51	184,041
Iran, Islamic Republic of	2,080	3.45	59,720
Iraq	—	3.32	19,194
Ireland	12,130	0.21	3,529
Israel	13,080	4.59	5,173
Italy	20,530	0.08	57,809
Jamaica	1,340	0.67	2,392
Japan	28,220	0.31	124,304
Jordan	1,150	4.47	3,828
Kazakhstan	1,680	0.71	16,964
Kenya	330	3.53	25,889
Kiribati	700	1.99	74
Korea, Democratic Rep. of	—	1.87	22,605
Korea, Republic of	6,790	0.88	43,648
Kuwait	—	2.16	1,491
Kyrgyzstan	810	1.28	4,510

Country	Per Capita GNP (US$)	Population Growth (annual %)	Population (thousands)
Lao PDR	250	2.88	4,384
Latvia	1,930	-0.07	2,639
Lebanon	—	1.94	3,780
Lesotho	590	2.43	1,857
Liberia	—	3.02	2,719
Libya	—	3.55	4,873
Lithuania	1,310	0.13	3,746
Luxembourg	35,260	1.02	389
Macao	—	1.54	483
Madagascar	230	2.75	12,363
Malawi	210	3.12	9,071
Malaysia	2,800	2.4	18,614
Maldives	500	3.23	228
Mali	300	2.95	8,964
Malta	—	0.83	360
Martinique	—	0.88	366
Mauritania	520	2.87	2,083
Mauritius	2,740	1.06	1,099
Mexico	3,470	2.08	85,041
Micronesia	—	5.88	108
Moldova	1,260	-0.07	4,360
Mongolia	—	2.64	2,309
Morocco	1,030	2.3	26,259
Mozambique	60	2.75	16,572
Myanmar	—	2.26	43,725
Namibia	1,630	3.31	1,531
Nepal	170	2.49	19,884
Netherlands	20,430	1.47	15,287
New Caledonia	—	1.57	174
New Zealand	12,000	0.76	3,432
Nicaragua	410	3.22	3,916
Niger	310	3.44	8,183
Nigeria	320	2.93	101,884
Norway	25,810	0.42	4,280
Oman	—	4.02	1,647
Pakistan	410	2.91	119,216
Panama	2,440	1.91	2,513
Papua New Guinea	950	2.32	4,056
Paraguay	1,360	2.72	4,517
Peru	950	1.92	22,367
Philippines	770	1.93	64,083
Poland	1,960	0.31	38,364
Portugal	7,670	0	9,852
Puerto Rico	6,580	1.05	3,588
Qatar	—	3.52	524
Reunion	—	1.5	611
Romania	1,080	0.28	23,039
Russian Federation	2,680	-0.07	148,594
Rwanda	250	2.09	7,274
St. Kitts and Nevis	4,670	-1.55	39
St. Lucia	2,910	1.97	156
St. Vincent	1,990	0.91	109
Sao Tome and Principe	350	2.84	121
Saudi Arabia	7,940	3.44	15,909
Senegal	780	2.73	7,833
Seychelles	5,450	0.86	69
Sierra Leone	170	2.62	4,354
Singapore	15,790	1.59	2,807
Slovak Rep.	1,930	0.44	5,300
Slovenia	6,330	0.51	2,012
Solomon Islands	710	3.23	335
Somalia	—	3.14	8,304
South Africa	2,670	2.27	39,741
Spain	14,030	0.08	39,055
Sri Lanka	540	1.27	17,408
Sudan	—	2.99	26,608
Suriname	3,690	2.32	468
Swaziland	1,080	3.63	858
Sweden	26,800	0.76	8,701
Switzerland	36,280	0.93	6,854
Syrian Arab Republic	—	3.32	12,946
Tajikistan	480	3.15	5,637
Tanzania	110	3.1	25,981
Thailand	1,750	1.42	57,961
Togo	390	3.09	3,890
Tonga	1,350	0.99	101
Trinidad and Tobago	3,950	1.02	1,266
Tunisia	1,740	2.02	8,403
Turkey	1,950	2.01	58,478
Turkmenistan	1,270	2.63	3,857
Uganda	170	3.3	17,456
Ukraine	1,670	-0.09	51,986
United Arab Emirates	—	2.37	1,668
United Kingdom	17,770	0.2	57,676
United States	23,150	0.96	255,109
Uruguay	3,300	0.64	3,132
Uzbekistan	860	2.43	21,393
Vanuatu	1,210	2.86	155
Venezuela	2,900	2.64	20,310
Viet Nam	—	2.33	69,256
Western Samoa	940	0.62	162
Yemen, Republic of	—	3.9	13,033
Zaire	—	2.99	39,787
Zambia	290	3.07	8,575
Zimbabwe	570	2.64	10,345

Development Agenda

Date	Event	Sponsor	Location	Telephone
SEPTEMBER				
20-23	Towards Education for All	University of Brunei Darussalam	Brunei Darussalam	(673-2) 427001
20-24	General Conference	Int'l. Atomic Energy Agency	Vienna	(43-1) 23600
22-25	World Bank/IFC Annual Infrastructure Symposium	World Bank, IFC, World Economic Development Congress	Washington	(202)-467-3909*
23-25	Building the Integrated Global Economy	World Economic Development Congress	Washington	(617)-487-7900*
24	*East Asian Miracle*: Press Briefing	World Bank	Washington	(202)-473-2475*
24	*Environment Report 1993*: Press Briefing	World Bank	Washington	(202)-473-1788*
25-Oct. 1	International Conference on Sustainable Village-Based Development	Colorado State University Department of Civil Engineering	Fort Collins, CO	(303) 491-5753*
26-Oct. 1	International Congress on Nutrition	CSIRO	Adelaide, Australia	(61-8) 224-1800
27	Seminar on Energy and the Environment	World Bank	Washington	(202) 473-3412*
27	Conference on Traditional Knowledge and Sustainable Development	World Bank	Washington	(202) 473-3413*
27	Seminar on Poverty Progress & Policy	World Bank	Washington	(202) 473-1784*
27	Conference on Participatory Develop. and Indigenous People	World Bank	Washington	(202) 473-3413*
27-30	Today's Child, Tomorrow's World	National Association of Children's Hospitals	Atlanta, GA	(703) 684-1355*
30-Oct. 1	Conference on Valuing the Environment	World Bank	Washington	(202) 473-1787*
OCTOBER				
4-5	Asia-Pacific Region Business And Investment Conference	*Asia Business Journal*	Boston	(617) 963-2938*
13-15	Europe/East Asia Economic Forum	World Economic Forum	Hong Kong	(41-22) 736-0243
18-20	China Forum	World Economic Forum	Beijing	(41-22) 736-0243
18-21	Special Program of Assistance Donors' Meeting	World Bank	Paris	(33-1) 40-69-3016
22	Somalia Donors' Meeting	World Bank	Paris	(33-1)40-69-3016

Editor's Note: *Development Agenda* is a feature that alerts journalists to key news events in the field of economic development. Journalists should contact sponsoring agencies for details about each event. Asterisk (*) indicates telephone number is in the U.S.A. All other telephone numbers include country and city codes.

INTERVIEW

Conference Focuses on Valuing the Environment

INTERVIEW, *from page 1*

WBN: What does the World Bank hope to achieve by holding the conference on environmentally sustainable development?

Mr. Serageldin: I hope the conference will serve as an annual forum where the world's most important environmental issues could be addressed. After all, integrating an environmentally sustainable development perspective into the projects the Bank finances raises a host of conceptual and technical issues.

This conference will give decision-makers and specialists from throughout the world a chance to discuss those issues. Bringing their expertise to Washington will only add to the knowledge the Bank has gained in its work on the environment.

Hopefully, the conference will encourage people to work together to find solutions to common problems. We are all in this together. We need to look for the best possible way of advancing the welfare of the world's poor and the dispossessed who suffer the most from environmental degradation. At the same time, we must cope with rapid population growth worldwide and still meet the needs of future generations.

WBN: One of the conference's topics deals with the question of valuing the environment. In other words, how can countries measure the costs of development on their natural resource base? How can a developing country or the World Bank put a price on forests, copper or oil resources?

Mr. Serageldin: The Bank has been struggling with this issue for some time now. Some progress has been made and is documented in various publications. We're convinced that while we may not be able to decide exactly what the proper valuation should be, that should be no excuse to continue to do the one thing that everybody agrees is wrong—treating every resource as though it had no economic value or as though it had no cost if it were to be taken away. I believe we need to move forward on this issue and not delay because we want to find some sort of 'ideal' solution.

WBN: The conference will also look at the changing role of water use in the developing world. Why is water such a central issue in development?

Mr. Serageldin: Water is one of the world's most important issues today. One billion people lack access to clean water and 1.7 billion people have no sanitation. Together, these problems lead to about 3 million deaths every year and another 900 million instances of disease. Aside from the major impact it has on human well-being, water pollution is also a major source of environmental degradation.

Water scarcity is going to be the dominant issue in the 21st century which is right around the corner. It will also play a very large role in many parts of the world like the Middle East. Water extraction worldwide is expected to grow by 4 percent to 8 percent a year to meet the growing need. Within the next generation, water needs will have grown by 600 percent.

Addressing water as a basic need and a scarce resource will help bring together a holistic approach to water policy-making. In the past, the issue of water has been fragmented. You had people dealing with water in terms of irrigation, others addressing sanitation and water supply, and still others looking at water quality and environmental needs. We want to bring all of these concerns together, especially in light of the Bank's recently published Water Resources Management policy paper. We want to see how this new paper can be applied to practice and talk about where we want to go from there.

WBN: How do you define environmentally sustainable development?

Mr. Serageldin: This term was brought to our attention particularly by the Brundtland Commission, which was formed in 1987 to examine the links between development and the environment. The Commission defined it as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs.'

The problem is finding a way to make it an operational guide for specific actions. I don't think sustainability is served by just leaving everything as it is while population grows and the poor suffer. You have to empower future generations with an adequate resource base that involves natural, man-made and social capital. Pulling together those three dimensions in a meaningful way is what we're trying to do right now.

First, we want to put across the message that environmentally sustainable development involves both financial and economic sustainability. You cannot have a development program that spends capital and assumes it is income, whether it's man-made or natural capital. It is essential to have a proper evaluation of environmental costs and benefits in order to do better investment analysis immediately. This would also help in moving towards environmentally adjusted national income accounts.

Second, programs and projects must be ecologically sustainable which means protecting biodiversity and the integrity of eco-systems. That involves assessing a project in terms of physics, chemistry and biology and not just in terms of economics and finance.

Third, a development path must be socially sustainable. That means addressing issues of social cohesion, equity, social participation, mobility, cultural identity and institutional development. We have witnessed places where neglect of these aspects has taken its toll, namely in Yugoslavia and Somalia.

It is essential to develop institutions and to recognize that people are actors who are both the instruments of development and the objectives of sustainable development.

At the conference, we hope to bring together those three parts.

See INTERVIEW, *page 12*

Strategies Blend Environment, Development

INTERVIEW, *from page 11*

WBN: More than one year has passed since the United Nations Conference on Environment and Development (UNCED). How has the Bank's thinking on the environment evolved since Rio?

Mr. Serageldin: We are pursuing the concepts put forward in the 1992 World Development Report which was presented at the Rio summit. That means dealing with environmental development with 'win-win' strategies that are both environmentally and economically sound. The idea that you must choose between taking care of the environment and promoting development is wrong.

One of those strategies focuses on removing energy subsidies that encourage waste and often cause environmental damage. Today, those subsidies amount to close to $230 billion a year. That is almost four or five times as high as total aid flows to developing countries.

We're also tightening up on the environmental assessments of projects we finance to make sure they do no harm. We recognize the need for building up the capacity of environmental agencies in countries. For example, there has been a massive increase in lending for environmental management in developing countries. We have loaned almost $500 million in environmental institutional building, with $173 million in just the last year alone. □

Imports Help Businesses Boost Production

KAZAKHSTAN, *from page 1*

pay for a list of vital imports in the fields of agriculture, energy, transport and health. Purchase of the imports will help stalling businesses recover and will revive the delivery of essential public services.

A large part of the fund will pay for agricultural imports aimed at maintaining food production and cutting crop losses caused by pests and diseases. Under the plan, agrochemicals to prevent disease and for weed control will be bought and veterinary medicines and materials and spare parts for food processing will be purchased.

Bernard Funck

The largest currently producing oil field in Kazakhstan, the Uzen field, will benefit from the new flow of imports. Purchase of spare parts and equipment will help restore the field's oil production which provides the country with badly needed export earnings.

Shortages of health supplies, now bordering on emergency levels, will also be eased. The fund will pay for scarce drugs, vaccines, medical equipment, and raw materials for production of intravenous solutions. Some of the money will also go to purchase critical spare parts needed to salvage the existing fleet of buses in the country.

By helping the economy recover, the Bank loan aims to support Kazakhstan's reform program. It focuses on developing a macroeconomic framework to stabilize the economy, bring down inflation and revive growth. Structural reforms aim at creating incentives to develop the private sector, reforming enterprises and the financial sector, and establishing an adequate social safety net to prevent worsening poverty.

Although Kazakhstan faces tough challenges now, Funck says it has the potential to raise its standard of living in the medium-term.

"Kazakhstan has what it takes," he says. "It has stable institutions, skilled workers and vast natural resources. Compared to several other FSU countries, it is a country that is taking the right steps toward steadily becoming a more stable, market-oriented economy."

The Bank loan follows the institution's first loan to Kazakhstan in August which financed technical assistance to support the country's reforms. Kazakhstan joined the Bank in July 1992. □

Guyana Restructures Sugar Industry

A credit of SDR 10.9 million ($15 million) from the International Development Association (IDA) will help Guyana restructure its sugar industry.

The project aims to secure the present level of production and financial viability of the Guyana Sugar Corporation Limited (GUYSUCO) by providing equipment and machinery. GUYSUCO is a parastatal company producing 350,000 tons of sugar annually. The project would also ensure the sugar industry's viability by helping the government restructure and privatize the company. □

WORLD BANK NEWS

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The World Bank Group is the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). IBRD is the main lending arm of the World Bank. IDA is the World Bank affiliate that lends on concessional terms to the poorest countries. IFC finances private sector projects and advises businesses and governments on investment issues. MIGA promotes foreign direct investment through guarantees, policy advice, and promotional services.

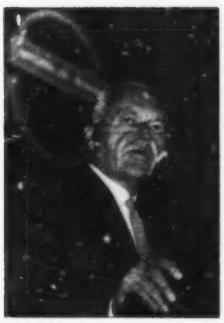
WORLD BANK NEWS

Volume XII, No. 37 September 30, 1993

ANNUAL MEETINGS 1993

Preston: World Bank Responds To Changing World

World Bank President Lewis Preston announced on September 28 that the institution was ready to move ahead quickly to help economic development in the Occupied Territories, South Africa, and Vietnam, reflecting the Bank's readiness to respond rapidly to dramatic changes in the world.



Lewis Preston

In his speech at the start of the World Bank-International Monetary Fund annual meeting, he emphasized that the Bank itself has changed significantly in recent years and would continue to change to meet the needs of borrowing member countries.

Preston noted that over the past year, the Bank has been supporting the Middle East peace process through its work on the economy of the Occupied Territories. "We are well prepared to invest in peace," he said, indicating that the study which the Bank has just issued on the Occupied Territories provides an immediate "platform" for the international assistance effort there.

Over the past several years, he added, the Bank has been at work in South Africa—coordinating with all the parties involved to prepare a program which could begin once political change had made development possible "for *all* her people." Referring to Nelson Mandela's speech at the United Nations last Friday (where Mandela called for the lifting of sanctions on South Africa), Preston said it appeared that this political change was now happening—"and the Bank is ready to move ahead."

See PRESTON, *page 8*

Adjustment Is Key to Economic And Social Progress

All developing countries should launch economic adjustment programs if they want to achieve economic and social progress, according to a statement issued September 27 by a committee that advises the World Bank and the International Monetary Fund (IMF).

The Development Committee, which met at the start of the World Bank and International Monetary Fund's annual meetings in Washington, said many obstacles have made it hard for some low-income countries to make economic adjustments. But preliminary evidence suggests that countries which sustain strong adjustment policies do better than the rest, the group said.

Such policies can succeed over time if they are implemented consistently and backed up by structural reforms consistent with long-term sustainable development.

But the group cautioned that the de-

See COMMITTEE, *page 6*

IMF's Interim Committee, the Group of 24 and the Group of 7 held meetings in Washington this week to set goals for the next six months. 2

Global income could increase by more than $200 billion if negotiators can reach a successful conclusion to the Uruguay Round of trade talks. 3

New publications show how East Asia performed an "economic miracle" and how the World Bank is stepping up environmental work. 4

New Bank inspection panel, page 6

Development agenda, page 7

Press advisory, page 8

IMF Interim Committee Calls For "Robust Recovery"

The International Monetary Fund (IMF)'s Interim Committee on September 26 warned against weak growth in industrial countries and called on them to improve the global economic climate.

In a statement in Washington, the committee expressed concern about the industrial countries' continued slow economic performance, high and rising unemployment rates and persistent protectionist pressures. While a recovery remains moderate in North America, the group said, one has yet to emerge in Japan and in continental Europe.

To bolster the weak economic climate, the committee called on IMF member countries to promote a "robust economic recovery and a sustained expansion."

Continued price stability and fiscal deficit reduction, it said, would provide scope for further interest rate cuts. Structural reforms in the industrialized countries, meanwhile, would also help nurture longer-term growth. And as the recovery gains momentum, more budget deficit reductions would be needed to boost savings and private investment.

The committee also said completion of the Uruguay Round by year's end is "crucial" to restoring confidence in global economic prospects. Failure to resolve the remaining issues, it cautioned, could reinforce protectionist pressures, erode business confidence, and weaken growth in all countries.

Despite the slack performance in industrial countries, the committee praised certain steps some countries have taken. They include low inflation rates in many industrial countries, lower interest rates in Europe, the commitment to medium-term budget consolidation in North America and several European countries, the measures taken in Japan aimed at strengthening the recovery of domestic demand, and the financial markets' favorable reaction to all of the developments.

The committee welcomed the continued strong expansion in many developing countries and pointed to their part in boosting world output and international trade. But the group also expressed concern about the plight of many of the poorest developing countries, especially in Africa. Improving their prospects, it said, will call for strong adjustment programs, continued efforts to reduce excessive debt, and increases in assistance on concessional terms. □

G-24 Calls for Urgent Growth in World Economy

Efforts to expand the global economy must intensify if the world wants to see better prospects for growth in 1994, according to a group that represents developing countries.

Bringing the Uruguay Round to a successful conclusion is a matter of "utmost urgency," the ministers of the Group of 24 (G-24) said in a statement at the end of their meeting in Washington on September 25. They regretted the repeated delays in the trade talks, cautioning that failure to reach agreement would erode business confidence and undermine the outward-oriented reform strategies being followed by many developing countries and formerly centrally planned economies.

The G-24 ministers also said existing mechanisms for policy coordination between countries are inadequate. They pointed to the past year's series of European market exchange market crises and limited progress toward ending the prolonged phase of global economic weakness as evidence.

To have effective coordination, the group said that countries need to consider the international effects domestic policy choices may cause. They also said industrial countries should cut government agricultural and industrial subsidies to allow resources to be more efficiently allocated.

The group also warned about the rise of protectionist pressures that have accompanied the climb in unemployment in the industrial countries since the late 1980s. They stressed that protectionism distorts resource allocation, delays needed structural adjustment and leads to lower real incomes and welfare.

The ministers noted that the debt problems of the 1980s had been alleviated for many middle-income countries. That debt reduction, they said, has played a critical role in supporting those countries' efforts to regain access to the international capital markets.

But the group warned that the debt crisis is not over, adding that only 14 of the 57 countries that have rescheduled their official debt during the past decade have resumed normal relations with creditors.

The ministers said they were encouraged by Japan's recent interest rate reduction and announcement of a fiscal stimulus package. They also praised the financial markets' favorable reactions to recent fiscal measures in the United States and Germany, despite possible adverse effects on economic activity that deficit-reduction measures may cause.

But the group expressed concern about the current state of the world economy. They noted the sluggish recovery in a few industrial countries, the persistence of recessionary conditions in several others, and the uncertainty of the prospects for growth in 1994.

The ministers welcomed the relatively strong growth in the developing countries as a group, especially in many countries of Asia and Latin America. But they said the growth masks large gaps between rates in different parts of the developing world. They pointed to the plight of sub-Saharan Africa, where per capita real incomes are lower than they were more than a decade ago, and where the debt burden is higher than in any other region of the world. □

G-7 Praises Reforms in Russia

The Group of Seven (G-7) finance ministers, meeting in Washington on September 25, expressed strong hope that the latest developments in Russia will help that country achieve a decisive breakthrough on market reform. The statement followed a meeting of the G-7 ministers and central bank governors with Russian Finance Minister Boris Fedorov.

Fedorov, meanwhile, underscored the unwavering commitment of President Boris Yeltsin's government to pursue the path of democracy and market reform. He also discussed new measures Russia intended to take to forge ahead with sound fiscal and monetary policies and to continue privatization of the economy.

The ministers praised Yeltsin's commitment to pursue the path of market-oriented reform, calling it the right one to create a better future for Russia's people and for integrating Russia into the world economy. The ministers also reaffirmed their commitment to the program of support agreed on in Tokyo in April and urged the Russian government to take the necessary measures for it to be fully effective.

The G-7 includes the United States, Canada, Germany, France, Italy, Japan and the United Kingdom. □

PUBLICATIONS

Successful Uruguay Round Could Add $200 Billion to Global Annual Income

A four-year joint study by the World Bank and the Organization for Economic Cooperation and Development (OECD) concludes that the partial liberalization of trade in agriculture and manufacturing envisioned in the Uruguay Round of trade negotiations could add as much as $213 billion (1992 dollars) annually to global income.

The study, entitled: *Trade Liberalisation: Global Economic Implications* and released September 26, uses an economic model named Rural/Urban-North/South (RUNS) to analyze international, regional and national impacts of trade liberalization. The analysis finds that protectionism has caused distortions in world prices, trade patterns, trade volumes and the global distribution of production, leading to an inefficient allocation of resources, both within and across countries.

"Formerly centrally planned economies and developing countries, which in the past have been seen as more protectionist, have been making major reform efforts," the study says. "Their remarkable courage in undertaking economic adjustments is now threatened by the failure of the industrialised countries to undertake reciprocal measures. The industrialised countries are expected to gain most from a liberalisation agreement because their economies are currently most distorted by protectionism. However, from a development and poverty-alleviation perspective, the former centrally planned and developing countries stand to suffer most from a continuation or, worse still, intensification of protectionism."

There would be losers as well as gainers from trade liberalisation, the study argues. Producers that have been sheltered from competition by trade barriers and that have received input subsidies would lose from their elimination. Indirectly, however, there would be compensatory gains from reforms elsewhere. Food importers would also suffer as a result of higher prices projected for a number of cereals. Improvement of both external and internal prices, however, would benefit even those producers no longer enjoying direct protection and subsidies. For the losers, the study observes, the aggregate level of losses are small compared to the gains. For example, the total losses to OECD countries from partial agricultural trade liberalization would be $2 billion, which is a small fraction of the estimated overall gains and $350 billion cost of current OECD agricultural subsidies. And, despite the reduction of subsidies associated with partial liberalization, farmers in OECD countries, as a result of productivity increases and economic growth, are still expected to be better off in 2002 than currently.

Dock workers unload cargo at Santos Port in Brazil.

The study notes that increasing concern about the environment has introduced new issues in the trade debate.

Trade Liberalisation: Global Economic Implications is priced at $43.95. Journalists may receive complimentary review copies by writing on company letterhead to the World Bank Office of the Publisher, Marketing Unit, Room T-8054, Washington, D.C. 20433, U.S.A. Fax (202) 676-0579. □

PUBLICATIONS

World Bank Expands Environmental Work, Lends Record $2 Billion

The World Bank intensified its support for environmental protection in 1993, lending a record $2 billion and continuing the transition from designing environmental policies to implementing them, says the World Bank Environment Department's annual report, *The World Bank and the Environment 1993*, published on September 27.

In the past fiscal year, which ended June 30, 1993, the Bank approved a record $2 billion for 23 projects to assist developing countries in environmental protection and improvement. This is a near doubling of 1992 environment lending and a thirtyfold increase over lending five years ago.

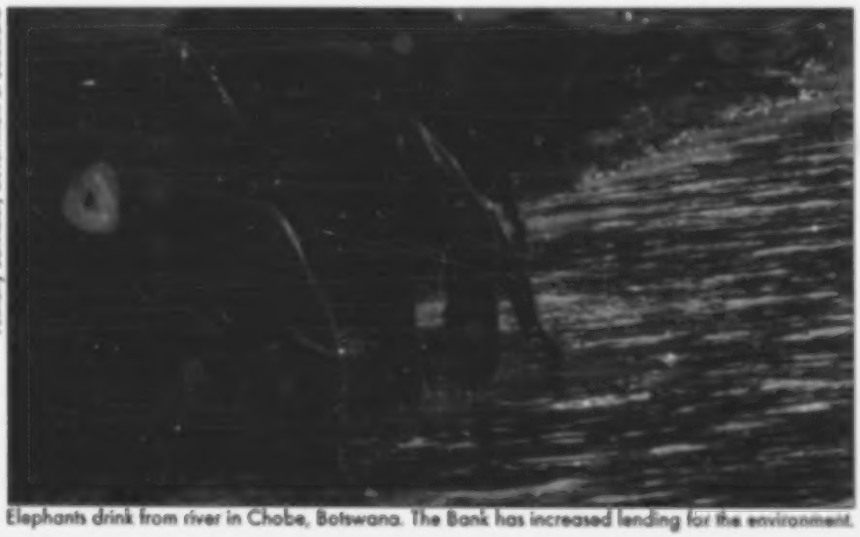
The report details the Bank's financial support in three broad areas, with $1.3 billion committed for pollution control and the protection of the urban environment, more than $500 million for natural resources management and protection of the rural environment, and nearly $200 million for environmental institution building in developing countries.

The report also highlights the Bank's progress in several other areas.

"Bank lending to strengthen environmental policies and institutions rose sharply and the skills base within the Bank was substantially enhanced through targeted recruitment and training," the report states. "The reorganization of the Bank's environmental work has significantly strengthened its operational capacity for environmental work."

There remains a large unfinished agenda, the report states. Several critical institutional and policy issues and basic key relationships between development and the environment require the Bank's continued attention. In addition, meeting the rapidly growing requests from borrower countries for technical and project support for the environment will require a stronger emphasis on supervising projects in progress and on building partnerships with other agencies and non-governmental organizations.

The Bank continued to support governments preparing national environmental strategies, playing a key role in helping 22 countries define their environmental priorities and develop a plan of action to address them. The Bank also broadened its planning perspective through regional environmental strategies for Asia, the Sahel region of Africa and Central and Eastern Europe, and made progress in several regional seas and river-basin programs.



Anthony Bannister/Government of Botswana

Elephants drink from river in Chobe, Botswana. The Bank has increased lending for the environment.

The report cautions that the Bank will need to give especially careful attention to its growing portfolio of environment projects. Environmental assessment and project supervision will become increasingly important as projects are implemented and the portfolio matures.

The World Bank and the Environment 1993 is priced at $8.95. Journalists may receive complimentary review copies by writing on company letterhead to the World Bank, Marketing Unit, Room T-8054, Washington, D.C., 20433, U.S.A. Fax: (202) 676-0579.□

GEF Completes Pilot Phase

World Bank work on the global environmental front intensified in 1993, especially through the Global Environment Facility (GEF), according to the World Bank Environment Department's annual report.

As of June 1993, the GEF had committed $465 million for 53 investment projects managed by the Bank. Among them were investments aimed at the protection of primeval forest in Poland; biodiversity conservation in Bolivia, Congo and Turkey; development of coastal zone management plans for Egypt and the Seychelles; and renewable energy systems in India.

The year has been a crucial one for the GEF as it moved to complete its pilot phase and began preparing for a restructuring of the facility and a replenishment of its funds. GEF participants are working out the details of the facility's restructuring to improve transparency and participation, including universal membership and balanced representation of developing and industrialized countries in the governance of the GEF.

East Asia's Economic "Miracle" Could Be Repeated in Other Countries, New Study Says

The dramatic growth of East Asian economies during the past three decades has lifted millions of people out of poverty, according to a new World Bank study, published on September 26.

And many developing countries could witness a similar "economic miracle" if they take the same path toward growth that East Asia did, adds the study, *The East Asian Miracle: Economic Growth and Public Policy*.

East Asia has been the world's fastest growing region for more than 30 years, with most of the growth occurring in eight economies: Hong Kong, Indonesia, Japan, Malaysia, Republic of Korea, Singapore, Taiwan and Thailand. Since 1960, these economies have grown twice as fast as the rest of East Asia, three times as fast as Latin America and South Asia, and five times as fast as sub-Saharan Africa, the study shows.

These economies have also been unusually successful at sharing the fruits of growth—they are the only economies in the world that have achieved rapid sustained growth while reducing the gap between the rich and poor.

This success, and the policies used to achieve it, "raise complex questions about the relationship between government, the private sector and the market," World Bank President Lewis Preston writes in the introduction of the study.

John Page, the leader of a research team that carried out the study, says that East Asia focused on "policy fundamentals," which provided a solid foundation for equitable economic growth. These fundamentals included:

- Managing monetary and fiscal policy to ensure low inflation and a competitive exchange rate;
- Concentrating public investment in education on primary and secondary levels of schooling;
- Fostering effective and secure financial systems to encourage savings and investment;
- Limiting protection so that domestic prices are close to international prices; and
- Supporting agriculture by assisting the adoption of "green revolution" technology, investing in rural infrastructure, and limiting taxation on agricultural goods.

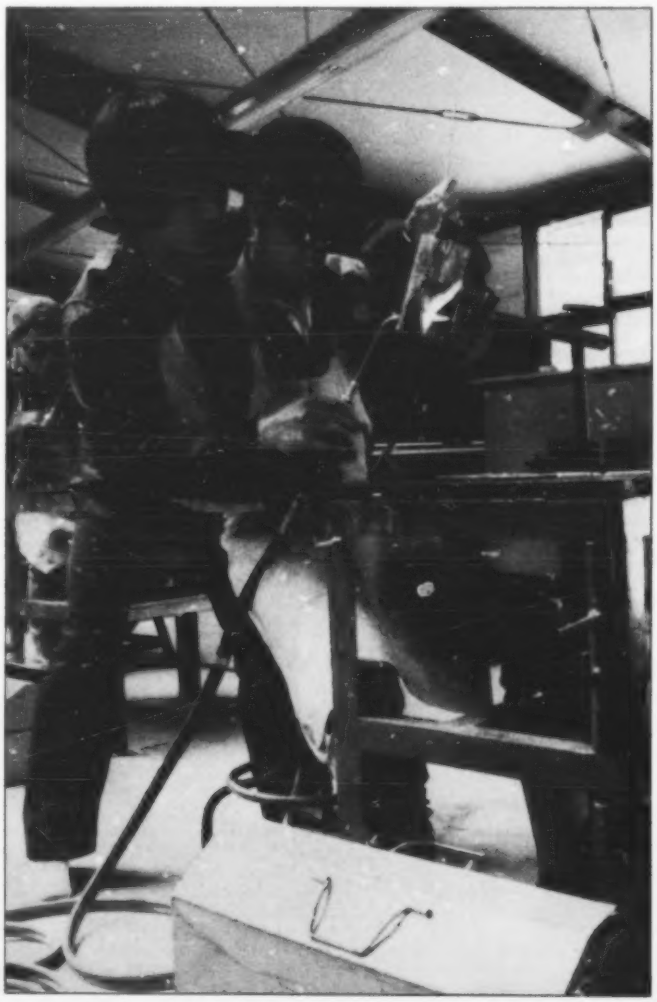
In addition, some governments, especially in northeast Asia, boosted growth by intervening in the economy where markets were weak, the report said. Previous bank studies have described these "policy interventions"—for example, suppressing interest rates or promoting favored industries—as always harmful to growth.

The study says that "export push," a combination of fundamentals and interventions, has been crucial to East Asia's success. Competing in global export markets speeds adoption of new technology and boosts productivity, the study points out. "Of the many interventions tried in East Asia, those associated with export push hold the most promise for other developing economies."

Even, so, developing countries hoping to follow in the footsteps of East Asia should limit policy interventions and focus instead on fundamentals, the study says.

Study leader Page warns that some of the interventions used in East Asia may not be right for some other countries. "Government intervention in the economy always carries a risk that vested interests will shape policies to their own advantage," Page says. He adds that these risks are greatest in countries where the civil service and other institutions are weak.

The East Asian Miracle is priced at $19.95. Journalists may receive complimentary review copies by writing on company letterhead to the World Bank, Office of the Publisher, Room T-8054, Washington, D.C. 20433. Fax: (202) 676-0579.□



Student receives welding instructions at a vocational training institute in Pusan, South Korea, which is one of the East Asian "economic miracle" countries.

POLICY UPDATE

World Bank Establishes Independent Inspection Panel

The Executive Directors of the World Bank decided on September 22 to establish an independent inspection panel which would help ensure that the Bank's operations adhere to the institution's policies and procedures.

The concept underlying the establishment of the panel implies that independent inspections will not be a routine matter. "Nearly fifty years of experience indicates that the vast majority of the Bank's operations do, in fact, comply with our own policies and procedures," said Bank President Lewis Preston. "The inspection panel provides a safety net in the exceptional cases where those high standards are not met—and, in that sense, offers a link between the Bank and the people affected by the operations we help finance."

Panel Membership

The inspection panel will be comprised of three individuals appointed by the World Bank's executive directors. Panel members will be selected on the basis of their ability to deal thoroughly and fairly with complaints and their knowledge and experience of development issues. Panel members will come from outside the Bank and will be from different countries to assure diversity of views and experience.

Role and Process

A party which believes it has been adversely affected by the failure of the Bank to follow its own rules and procedures in projects it finances may ask the panel to investigate. In special cases, a member of the Bank's Board of Executive Directors may also request an investigation.

Persons making the complaint must establish that the issue had been presented previously to the Bank and that an adequate response had not been received.

The panel will review requests for an investigation and the executive directors will decide whether a full investigation should be undertaken.

The panel will report its findings to the executive directors. If it concludes that the Bank has not complied with relevant Bank policies and procedures, the management will submit promptly to the executive directors its recommendations on actions to be taken.

The results of all investigations will be made public by the Bank. In addition, the Bank will publish an annual "inspection report" containing a record of all complaints received and their disposition.

"The establishment of the panel further underscores the Bank's commitment to maximum operational transparency," said Preston.

"The panel should be seen in the context of a series of changes the Bank has recently undertaken to improve portfolio management and to ensure greater disclosure of information."□

ANNUAL MEETINGS 1993

Development Committee: Promote Economic Growth

COMMITTEE, *from page 1*

sign of adjustment programs and of external assistance must be "homegrown," or reflective of each country's social and political backgrounds and institutional capacities. It pointed to the lessons of the East Asian experience as being possibly relevant to low-income countries, especially those relating to macroeconomic policy, export orientation, human resource development and the training of a professional civil service.

In many cases, the group added, low-income countries will need to supplement domestic savings with foreign investment, substantial and timely concessional financial support and with the proper relief of bilateral debt. But to sustain that support and investment, they will have to maintain their commitment to economic reform, poverty alleviation, environmental soundness, public participation and good governance. Donors, meanwhile, should focus concessional assistance on the low-income adjusting countries.

Many social safety nets impose unsustainable burdens on government budgets without covering all groups in need.

The committee also said existing entitlements may need to be reviewed in some developing countries. Currently, many social safety nets impose unsustainable burdens on government budgets without covering all groups in need. In many countries, the group said a system of both public and private provision will be appropriate, but the mix will vary from case to case.

Overall, the group called for a "fresh impetus" to growth in the world's industrial countries. It also said a successful conclusion to the Uruguay Round of trade talks by the end of 1993 on a "comprehensive and balanced agreement" is key to growth prospects in both the industrial and developing worlds.□

Date	Event	Sponsor	Location	Telephone
SEPTEMBER				
25-Oct. 1	International Conference on Sustainable Village-Based Development	Colorado State University Department of Civil Engineering	Fort Collins, CO	(303) 491-5753*
26-Oct. 1	International Congress on Nutrition	CSIRO	Adelaide, Australia	(61-8) 224-1800
30-Oct. 1	Conference on Valuing the Environment	World Bank	Washington	(202) 473-1787*
OCTOBER				
4-5	Asia-Pacific Region Business And Investment Conference	*Asia Business Journal*	Boston	(617) 963-2938*
12-17	8th Int'l Conference on AIDS in Africa	Societe Africaine Anti-SIDA	Morocco	(0921-1) 20-0104
13-15	Europe/East Asia Economic Forum	World Economic Forum	Hong Kong	(41-22) 736-0243
18-20	China Forum	World Economic Forum	Beijing	(41-22) 736-0243
18-21	Special Program of Assistance Donors' Meeting	World Bank	Paris	(33-1) 40-69-3016
20-24	Joining Forces to Further Shared Visions	Association for Women in Development	Washington	(814) 863-7261*
22	Somalia Donors'Meeting	World Bank	Paris	(33-1)40-69-3016
22-24	Meeting, Donors to African Education Task Force/African Ministers of Education and Training	Donors to African Education	Angers, France	(33-1) 4503-3864
24	Belarus Consultative Group Meeting	World Bank	Paris	(33-1)40-69-3016
24-26	Second Annual Independent Energy Forum	Independent Energy Business Magazine	New York City	1 (800) 922-3736*
25-Nov. 12	General Conference	UNESCO	Paris	(202) 473-1771*
26-27	Annual Meetings of the Board of Governors (tentative)	Islamic Development Bank	Jeddah, Saudi Arabia	(202) 473-1771*
26-28	Meeting on Population and Development	Rockefeller Foundation	Bellagio, Italy	(202) 473-1771*

Editor's Note: *Development Agenda* is a feature that alerts journalists to key news events in the field of economic development. Journalists should contact sponsoring agencies for details about each event. Asterisk (*) indicates telephone number is in the U.S.A. All other telephone numbers include country and city codes.

Preston: Bank Is Adjusting to Change

PRESTON, *from page 1*

The World Bank chief also lauded Vietnam's "vigorous efforts" to reform its economy and indicated that the Bank is preparing to resume lending there.

Preston observed that the world was changing faster than at any time since World War II. The Bank has adapted its programs to these changes.

He noted, for example, that the Bank had been requested to help take the lead on a number of new issues, including: supporting the transition to market economies in the former Soviet Union; coordinating the buy-back of commercial debt in Africa; identifying alternatives to nuclear power in Eastern Europe and Central Asia; and addressing global environmental issues.

He stressed that all this has been undertaken even as the Bank's core programs, aimed at reducing poverty, have been increased and strengthened.

He also described the diversity of the Bank's strategies in today's "differentiated development universe." He contrasted the emphasis on helping with capital markets and infrastructure in the more sophisticated economies of East Asia and Latin America, with the continuing emphasis on policy reforms and basic human needs in the poorest nations of sub-Saharan Africa and South Asia.

Mr. Preston drew attention to economic forces impacting upon countries' competitiveness in global markets. He noted that the developing countries are now a powerful force in the international economy—they are projected to account for a third of the growth in world gross domestic product over the next five years—and that they represent the fastest-growing trade areas for many developed countries, including the United States.

"This highlights the fundamental importance of the North American Free Trade Agreement (NAFTA) and, on a global scale, the fundamental importance of free trade," he said. "There should be no doubt that NAFTA holds great potential to boost wages and living standards for all parties concerned." Likewise, he argued, a successful Uruguay Round would lead to "increased trade and prosperity for rich and poor nations alike."

"We must all adjust continuously to change," he said, "the greatest rewards will go to those who show the greatest flexibility."

Mr. Preston underlined a series of changes which the Bank itself has recently undertaken as part of an effort to improve the effectiveness of its work:

- a reorganization aimed at underscoring poverty reduction as the institution's principal objective;
- increased focus on environmental issues;
- substantial increases in lending for human resource development, environmental protection, and private sector development;
- new steps to improve the quality of the project portfolio;
- increased emphasis on involving the people affected by Bank-financed projects in their design and implementation;
- a new information policy which significantly expands public access to Bank documents; and
- the establishment of an independent inspection panel which is expected to enhance institutional accountability.

He cautioned, however, that the Bank's efforts to improve its development impact could only be as effective as the efforts taken by its borrowers. "The international institutions can only help those who help themselves," he said. □

PRESS ADVISORY

U.N. Secretary General and Former U.S. President To Speak at Hunger Conference

The creation of an action agenda to reduce global hunger is the goal of a conference to be hosted by the World Bank in Washington, November 29-December 1.

Speakers at the conference include United Nations Secretary- General Boutros Boutros-Ghali, former U.S. President Jimmy Carter, World Bank President Lewis Preston and U.S. Congressman Tony Hall, who staged a 23-day fast earlier in the year that helped raise public awareness about the problem of hunger. The World Bank offered to host the conference in response to Congressman Hall's fast.

The conference will be the culmination of a collaborative effort among non-governmental organizations, hunger experts and others.

For press information, contact John Mitchell at (202) 473-2475. For general information about the conference, contact Judy Nicholson at (202) 473-8443.

WORLD BANK NEWS

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The World Bank Group is the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). IBRD is the main lending arm of the World Bank. IDA is the World Bank affiliate that lends on concessional terms to the poorest countries. IFC finances private sector projects and advises businesses and governments on investment issues. MIGA promotes foreign direct investment through guarantees, policy advice, and promotional services.

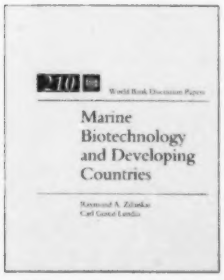
WORLD BANK NEWS

Volume XII, No. 38 October 7, 1993

Developing Countries Should Invest In "Marine Capital"

The sea offers a treasure chest of potential clues for solving some of mankind's worsening problems, a new World Bank study says. Investing more in marine research and the growing field of marine "biotechnology," could deliver big payoffs, especially for poorer developing countries which need the help the most.

"The tremendous diversity of life in tropical and subtropical seas represents the world's most abundant, but least utilized, living resources," says the study, *Marine Biotechnology and Developing Countries*. The study adds that "while biotechnology undoubtedly holds enormous promise for developing countries," much more needs to be done to reap those rewards.



Marine biotechnology, or the use of science to produce goods and services

See MARINE, *page 6*

Pollution and Overexploitation Killing Off Seas' Biodiversity

In the mid-1700s, a type of sea cow weighing up to 10 tons swam freely in the North Pacific, grazing on the abundant seaweed in the icy waters. But only 27 years after European fishermen started harpooning the creature, the species became extinct.

The death of the Steller's sea cow dealt man a two-sided blow, on economic and ecological fronts. In one brief tick of evolution's clock, humanity not only lost a beautiful animal, it killed off a source of food and a key player in the intricate, fragile ecology of the ocean's kelp forests.

Environmentalists have long called for halting the rapid loss of land and marine species like the Steller's cow. But a new study partly funded by the World Bank calls on the world's decision-makers to take action to protect the whole chain of global marine life.

"The entire marine realm, from estuaries and coastal waters to the open ocean and the deep sea, is at risk," says the report. "Stopping the human-caused loss of genes, species and ecosystems is essential but not sufficient. Rather, the goal should be to ensure that living things do not become endangered, that is, to maintain the integrity of life."

More than 100 authors hailing from 40 nations and ranging from oceanographers to economists and marine biologists, wrote the study, *Global Marine Biological Diversity, A Strategy for Building Conservation into Decision Making*. It is edited by Elliott Norse, chief scientist at the Washington, D.C.-based Center for Marine Conservation and Affiliate Professor at the Institute for Environmental Studies of the University of Washington in Seattle. The study is co-sponsored by the World Bank, the Center for Marine Conservation, the World Conservation Union, the World Wildlife Fund and the United Nations Environment Programme.

Jan Post

Jan Post, a contributor to the book and a marine biologist at the World Bank,

See BIODIVERSITY, *page 4*

Bank-sponsored conference focused on placing a value on environmental resources. Experts, including Jacques Cousteau, participated. **2**

As the economies of East Asia and the Pacific grow, so do the region's environmental problems. **3**

World Bank Lewis Preston says jump-starting the economies of the Occupied Territories could total $2.5 billion over the next five years. **6**

Mexico's environment, page 2

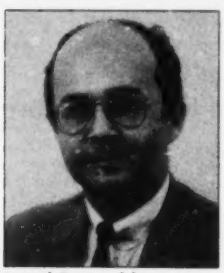
Economics & environment, page 3

Development agenda, page 5

Goal at Conference Is to Work Toward New Solutions for Environmental Problems

The World Bank last week held its first annual conference on environmentally sustainable development in Washington.

The conference, dubbed "Valuing the Environment," focused mainly on the question of properly identifying the costs and benefits of alternative uses of natural resources. The dozens of experts attending the talks also looked at the growing need for better management of water in the face of worsening shortages and increasing pollution.


Ismail Serageldin

The two-day conference yielded a rich discussion of some of today's cutting-edge environmental challenges, said Ismail Serageldin, the Bank's vice president for Environmentally Sustainable Development.

"We are embarked on a journey where we look at the problems differently, and we are searching for new solutions differently," said Serageldin, in concluding remarks on October 1.

The purpose of the conference was not to look for a "holy grail" or a perfect solution to the world's environmental problems, Serageldin explained. Instead, planners of the conference set out to change the processes by which solutions are identified by involving people and focusing on the environment while promoting economic development. "At the World Bank, we want to do our share in making sure that this paradigm shift will indeed be a profound one."

Underwater explorer Jacques-Yves Cousteau participated in the conference and praised the Bank's efforts at improving its rapidly growing environmental work. Cousteau added that mankind's overexploitation of nature, with its intricate webs of biodiversity, placed people on an "extraordinary and exceptionally dangerous adventure."

"Biodiversity is essential for sound sustainable development because species need genetic diversity if they are to live in harmonious interaction," Cousteau said. "The stronger the diversity, the more robust is the ecological system. More importantly, we must embrace diversity for what it can teach us about ourselves."

The environmentally sustainable development conference marks the first in a series aimed at tackling the issue of poverty reduction and environmental conservation within a sustainable development framework. Serageldin said bringing together experts from across the spectrum of environmental decision-making showed that "the sound stewardship of the earth's resources required the integration of the social and ecological viewpoints with those of the economists." □

Serageldin's New Book Shows Benefits Of Development Assistance

A book explaining why countries should continue aiding the developing world, particularly sub-Saharan Africa, has just been published by the Swedish International Development Authority.

World Bank Vice President for Environmentally Sustainable Development Ismail Serageldin authored the book, *Development Partners: Aid and Cooperation in the 1990s*. The book is priced at $10. Journalists may receive complimentary review copies by writing on company letterhead to the Swedish International Development Authority, Information Division, S-105 25, Stockholm, Sweden, or to Alicia Hetzner, World Bank, Room J-3-066, Washington, D.C. 20433, U.S.A.

Bank Pledges $1.8 Billion For Environmental Protection in Mexico

Mexico will receive up to $1.8 billion in loans from the World Bank over the next three years to protect the environment through an agreement signed by World Bank officials and representatives of the Mexican government in Washington on September 28.

The private sector and the Governments of Mexico are expected to provide matching funds, raising the total amount available for environmental efforts in Mexico to about $3 billion.

The World Bank loans will mainly help Mexico address environmental problems along the border shared with the United States but will also help tackle problems in other parts of the country. Communities along the border will receive assistance in improving water supplies, treating solid waste and reducing air pollution.

Loans will also help tackle industrial pollution and clean up toxic waste, protecting natural resources and strengthening government agencies in charge of protecting the environment.

For more information about the loans, contact Ciro Gamarra at (202) 473-8721. □

PUBLICATIONS

East Asia's Rapid Growth Overwhelms Environment

Rapid growth of industry, explosive urbanization and a burgeoning demand for energy are leading to pollution problems that have environmental costs totaling billions of dollars in many East Asian cities, according to a new report from the World Bank's East Asia and Pacific Region.

The report, *East Asia and the Pacific Region: Highlights from the 1992-93 Program of Economic and Sector Work*, shows that the environmental costs of air and water pollution in Jakarta exceed $1 billion a year and $2 billion in Bangkok. The costs in other large Asian cities are comparable. East Asia has 62 cities each with at least 1 million inhabitants.

The report says that East Asia's industries have grown ninefold since 1965 and their "total pollution load" has grown exponentially.

Between 1975 and 1988, emissions of sulphur dioxide and nitrogen oxide and total suspended particulates increased by factors of 10 in Thailand, eight in the Philippines and five in Indonesia. If the trend continues, levels of pollution in Asia will be twice those in Europe by the year 2010.

Meanwhile, energy demand in Asia is doubling every 12 years, compared with the world average of 28 years. Coal, a major source of air pollution, is the dominant energy source in the region, accounting for 92 percent of energy reserves.

Fixing the environmental problems will be costly, but some of the pollution could be eliminated inexpensively through government action and the adoption of energy-efficient technologies, the study says. Efficiency gains alone could save Asia up to 20 percent of the amount of energy used to produce electricity, and these gains would save Asia as much as $90 billion during the 1990s by reducing the amount of money the region would have to invest in new energy-generating facilities.

Government policies aimed at enforcing environmental standards and creating incentives to conserve energy would also reduce pollution. Encouraging the adoption of "clean" technologies, especially in the worst-polluting industries, would contribute to a solution.

The new report includes summaries of unpublished studies on a variety of East Asian countries, including Viet Nam, and covers issues such as the environment, industrial growth, education and poverty. *East Asia and Pacific Region: Highlights from the 1992-93 Program of Economic and Sector Work* is free. Journalists may receive review copies by writing on company letterhead to the World Bank, East Asia and Pacific Public Affairs Office, Room E-10-000, Washington, D.C. 20433, U.S.A. Or, fax requests to (202) 477-1837. For additional information, call (202) 458-0344. □

UN Photo 155476/J. Isaac

Boy in Kupang, Indonesia, carries water to his home. Rapid economic growth throughout East Asia and the Pacific is contributing to the pollution of air and water in the region.

Environment Benefits When Decision-Makers Give it Value

When decision makers in developing countries plan development projects, even a little attention paid to the environment can help protect resources, says a new World Bank study.

Managing natural resources more efficiently is essential to achieving sustainable development, says the study, *Environmental Economics and Sustainable Development*. But just how a developing country puts a price on those resources is not something the international community has so far agreed on.

Still, the study says the lack of consensus is no excuse to avoid giving resources any value. Even rough guesses can lead to environmentally friendly development alternatives. The study brings to light Madagascar's efforts at valuing forests and biodiversity and Sri Lanka's experience in applying environmental economics. But it calls on more developing countries to apply environmental decisions when making projects.

Environmental Economics and Sustainable Development is priced at $7.95. Journalists may receive free review copies by writing on company letterhead to: World Bank, Publisher's Office, Marketing Unit, Room T-8054, Washington, D.C., 20433. □

'Powerful Economic Tools' Needed to Save Marine Life

BIODIVERSITY, *from page 1*

says the study serves as a guide to decision-makers, explaining the challenges the seas face.

"When people talk about threatened species, we automatically think about tropical rainforests, tigers and elephants because that's all we hear about," says Post. "But life in the ocean is not well either. While land animals continue to suffer, the threats to marine animals also mount and we need to do something about it. The ocean today has become an overexploited resource and mankind's ultimate cesspool, the last destination for all pollution."

He adds, "This study says that this overexploitation and pollution must stop. We also cannot expect the sea to continue producing more and more. There are definite limits to how much humans can harvest from the ocean."

Making Sound Decisions

The study sets forth a 23-page list of actions the world community should take, all aimed at "saving, studying and sustainably using" the world's marine biodiversity. Among other recommendations, the group of experts calls on the international community to sign treaties like the Convention on Biological Diversity, launch inventories of marine life and hold more conferences to monitor the changing state of biodiversity.

But persuading industries, conservation groups, funding institutions and all levels of government to make the environment part of decision-making is key, the group says.

"The burden of proof needs to be shifted onto those whose acts would diminish marine biodiversity," says the study. "Individuals and institutions are generally free to act until it is proven that their actions are overwhelmingly harmful. Under the do-no-harm or precautionary principle, polluters, developers, and other users must demonstrate that their activities are not harmful to the sea before engaging in them. By shifting the burden of proof, conservation and management become proactive, not reactive."

Decision-makers can use a handful of tools to guard marine ecosystems, the study says. Learning more about marine life would be a start. Biological research and training of professionals could help secure a better understanding of the scope of marine ecosystems. Better planning is also important. The study calls for governments and industries to assess the environmental impacts of projects, for national governments to craft environmental action plans and regional groups to launch integrated area management schemes.

Regulating threats to marine life and using powerful economic tools to protect it are also needed. Putting a cost on environmental resources, assigning usage rights and harnessing market forces would be part of that. The group also says restoring and mitigating species in certain areas would help and ensuring that citizens take part in government decision making is also important to making sure efforts succeed.

A good groundwork for better decision-making would factor in all types of marine life and would govern actions on land as well as the sea, the study says. It must also be flexible enough to be used by all levels of government and to vary from one ecosystem to another. Overall, it must offer decision-makers environmentally friendly options they may not know they have.

"All too often, because of ignorance, short-term economic interests, or ideology, decision-makers are not presented with, or do not consider alternatives that would allow sustainability. More often, they are pressured or inclined to choose actions that are capital-intensive and aimed at narrow short-term benefits rather than long-term benefits to all life, human and nonhuman alike," it says.

All Oceans Suffering

The marine ecosystems nearest to dense groupings of humans suffer the most but all parts of the ocean are now feeling the brunt of human activity, the study says.

Pollution and overexploitation of marine creatures and plants cause the most visible damage. But destruction also stems from man's altering of the physical environment like trawling and coastal construction, introduction of alien species to other bodies of water and adding substances to the atmosphere that increase ultraviolet radiation and alter climate.

The study says there are five root causes for the destruction of marine life: the world hosts too many people; those residents consume too much; their institutions degrade, rather than conserve biodiversity; they do not know enough about biodiversity; and they do not value marine life enough.

Despite recent efforts to limit the destruction, marine life continues to suffer and many species have gone the way of Steller's sea cow. This goes on, despite the fact that the sea gives people half of the animal protein they eat and offers a promising source of new medicines. Coral reefs that protect coastal communities fall apart while the marine ecosystem that decreases the most important greenhouse gas, carbon dioxide, becomes more threatened.

The wealth of life on Earth is now vanishing at a faster rate than at any other time in the past 65 million years.

"Protecting our vital interests requires people to make choices for sustainability in all our actions at all levels of human society. An official in an international lending agency pondering a grant for a long-term marine monitoring program, the leader of a Pacific island nation trying to decide whether to allow its reefs to be mined for building material, a corporate executive pondering whether to buy equipment to reduce toxic effluents, a trawler captain deciding what to do with a hopelessly torn net, and a hungry consumer contemplating which fish to buy are all decision-makers whose choices will determine whether our species can protect and use marine life sustainably."

Global Marine Biological Diversity, A Strategy for Building Conservation into Decision Making is priced at $27.50. Journalists may receive free review copies by writing on company letterhead to the Center for Marine Conservation, Media Department, 1725 DeSales Street NW, Suite 500, Washington, D.C. 20036, U.S.A, or by calling (202) 429-5609. □

Date	Event	Sponsor	Location	Telephone
OCTOBER				
13-15	Europe/East Asia Economic Forum	World Economic Forum	Hong Kong	(41-22) 736-0243
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26-28	Meeting on Population and Development	Rockefeller Foundation	Bellagio, Italy	(202) 473-1771*
NOVEMBER				
6-25	Conference, 27th Session	FAO	Rome	(202) 473-1771*
18-20	Output Decline in Eastern Europe—Prospects for Recovery?	International Institute for Applied Systems Analysis	Laxenburg, Austria	(43-2236) 71-521
21-23	India Forum	World Economic Forum	New Delhi	(41-22) 736-0243
21-25	International Conference on the State of Education and Development	Association for the Advancement of Policy, Research and Development in the Third World	Cairo	(202) 723-7010*
28-Dec.2	World NGO Forum 1993	NGO Committee on the Family	Malta	(0943-1) 5138687
30-Dec. 1	Conference on Hunger	World Bank	Washington	(202) 473-2475*
DECEMBER				
2-4	Int'l Symposium on Privatization	World Bank, et al.	Nice, France	(33) 93-97-1983
6-10	General Conference, Fifth Session	UNIDO	Vienna	(0943-1) 21-1310

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Occupied Territories Need $2.5 Billion

The economy of the Occupied Territories needs a "jump start," World Bank President Lewis Preston said in Washington on October 1 at a Conference on the Middle East peace process that took place at the U.S. Department of State. The following are excerpts from a speech he delivered at the conference:

Just a few weeks ago, Prime Minister Rabin and Chairman Arafat seized an historic opportunity and opened the door to peace in the Middle East. Today, we have another unprecedented opportunity: to open the door to development—and to invest in peace.

With our friends in the region, in Europe, and in the United States, the Bank has prepared a report which details the magnitude of the challenge: incomes have stagnated for a decade—and living conditions are appalling, especially in Gaza; unemployment is high—and increasing; public institutions and financial systems need to be developed; the environment is already threatened—and we need to ensure that future development is sustainable; and both social services and physical infrastructure are inadequate to meet the needs of a growing economy.

A first priority...is to help the local entities and organizations to function as part of a new civil administration. Beyond that, realizing the vision of an independent economy will depend on the strength and speed of external support and the quality of domestic management.

Given the right policy environment, there is potential for greatly expanded business activity and significant private investment—both domestic and expatriate. Opening up to trade—particularly with neighboring countries—is also essential to create jobs, raise incomes, and spur competitiveness in the global economy.

At the same time, immediate relief assistance is urgently required. Medium- and long-term investment in social and physical infrastructure is also crucial. The international community has a major responsibility here. Our role must be to "jump-start" the economy of the Occupied Territories—and help them on to the path of sustainable development.

How much will it cost?

The bank has already done some analysis of financing needs—and our numbers reflect the views of all concerned. Over the next five years, we estimate the total external requirement at about $2.5 billion.

Mobilizing these resources and implementing the international effort will demand real cooperation and coordination. The World Bank has already started work. We have proposed to you—our members—the establishment of a $35 million Trust Fund for technical assistance, training, and project preparation—and it will be in operation soon; we have proposed to the Bank's board an allocation of $50 million, on concessional terms, to initiate lending in Gaza; we are working on an immediate Emergency Assistance Project—to be cofinanced by other donors—which will focus on the rehabilitation of vital social and physical infrastructure; logistical support for establishing the new administration; and the import of urgently needed materials and supplies; looking ahead, we plan to broaden our support—including a substantial role for the International Finance Corporation in promoting the private sector. □

Marine Biotechnology Aids Food Supplies

MARINE, *from page 1*

from marine life, could be a boon, especially for those developing countries with long coast lines, it says. Island countries such as Haiti, Indonesia, and the Philippines, and coastal countries like Chile, China, India and Sudan, all stand to gain from drawing more on their "marine capital."

Through marine biotechnology, developing nations can produce variations of species that could boost food supplies, improve the nutritional status of their populations and notch up export earnings. Learning more about marine life could also yield compounds that can fight diseases in humans and in valuable sea creatures, such as shrimp.

Developing countries could also use marine biotechnology to find microorganisms that help break down pollutants and waste in water without leaving toxic residues. Some marine life could also help industry. Currently, scientists are seeking a substance that could help rid ship hauls of encrustation instead of applying protective paints which leach heavy metals into the water.

Applying lessons from marine life can also help improve land crops. For example, natural antifreeze found in flounders that live in extremely cold water has already been blended into varieties of tomatoes to protect them from freezing.

But despite the promise marine biotechnology holds for developing countries, much work lies ahead, the study cautions. International agencies like the World Bank, it says, must help developing countries improve their ability to do research and development and then use that know-how in the economy.

Marine Biotechnology and Developing Countries is priced at $9.95. Journalists may receive free review copies by writing on company letterhead to the World Bank, Office of the Publisher, Marketing Unit, Room T-8054, Washington, D.C., 20433, U.S.A. Fax: (202) 676-0579. □

WORLD BANK NEWS

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WORLD BANK NEWS

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LENDING

First Loan to Uzbekistan Will Aid Economic Change

The breakup of the former Soviet Union was not kind to Uzbekistan, a central Asian republic of 21.7 million people. The loss of export markets and import subsidies dealt the Uzbek economy a blow that brought down the country's output 10 percent in 1992 and another 4 percent in the first half of this year.

V.N. Rajagopalan

To counter the drop, Uzbekistan has been steadily launching economic reforms. And on October 7, the World Bank gave the reforms a boost with a $21 million loan to help the country turn its economy around. The sum marks the Bank's first loan to Uzbekistan since the country became a member of the institution in September 1992.

The loan will help Uzbekistan keep up the momentum of economic reforms and then train the government staff responsible for carrying out the changes, says V.N. Rajagopalan, senior country officer in the World Bank's Europe and Central Asia Region. Uzbekistan lacks the staff and institutions needed to guide the country down the path toward a market economy.

"Uzbekistan's institutions need a lot of help to shake off the legacy of the past 70 years," says Rajagopalan. "For decades, the state set the rules, wrote all the details and made everybody conform."

With this loan, Rajagopalan adds, "Uzbekistan has the chance to transform those institutions to help guide a market economy."

The World Bank loan will help Uzbekistan pay for technical assistance and training. Computers will be provided to make work more streamlined, while experts will offer advice on how reforms should be crafted and will train staff in how to implement the reforms.

The loan will help in five main areas of reform where Uzbekistan feels it needs the most help, says Rajagopalan. The loan will support privatization and restructuring of state-owned enterprises; help clear up major legal and regulatory gaps that have hindered private sector investment and development; assist in transforming Uzbekistan's financial system; help Uzbekistan strengthen its social safety net; and pay for technical assistance for laying out reform strategies in many sectors of the Uzbek economy, including energy and telecommunications. □

Jordan Restructures Energy Sector

Under a new plan, Jordan will take steps to transform its energy sector from being a constraint on efficient growth of the economy and a burden on government finances into a boon for economic development. On October 7, the World Bank approved an $80 million loan in support of the plan.

"Jordan is taking concerted actions to improve the financial and economic performance of the energy sector and its contribution to economic growth," says Deane Jordan, a senior economist in the industry and energy division of the Bank's Middle East and North Africa Region.

"Greater reliance will be placed on market mechanisms to improve the en-

See JORDAN, *page 2*

Economic researchers in the Middle East lack a forum where they can share insights into the region's economies. That will soon change. 2

A "continuing assault on the environment" could undermine East Asia's progress in raising living standards, a World Bank VP says. 4

Development agenda, page 3

India's earthquake, page 4

New Research Group to Provide Insights Into Middle East's Economic Issues

For decades, Middle Eastern economists have fallen far short of their potential in researching the complex economics of their region. A labyrinth of politics, limited academic funding and poor regional cooperation have strangled independent efforts while a brain-drain sent many young, promising economists off to the boardrooms of the United States, Europe and the Gulf countries.

But a new non-profit group, partly funded by the World Bank, aims to change that. Founded in September and kicked off this month, the Economic Research Forum (ERF) for the Arab Countries, Iran and Turkey, hopes to improve policymaking in the region by commissioning economists to carry out independent research and linking their ideas through an information network.

"The Middle East needs a much better network where economic research can be shared," says Ishac Diwan, a World Bank economist who helped set up the group, along with Lyn Squire, the Bank's chief economist in the Middle East and North Africa Region.

"Right now, you only have a few serious economic researchers in each Middle Eastern country who work independently and who cannot create the critical mass needed to generate the necessary knowledge to back effective policy actions," says Diwan. "By teaming up, this institution creates a market of economists spread out through the Middle East that is big enough to support a sound and prolonged research effort."

Squire adds, "The ERF is an exercise in long-run institutional capacity building which could have a big pay-off. By encouraging younger researchers, by developing research networks within the region, and by exposing research to external review and quality standards, the ERF will support the emergence of a stronger economics profession in the region which in turn will exert a greater influence in economic policy making."

The ERF is a non-governmental organization based in Cairo and supported by the World Bank, the United Nations Development Programme, the Arab Fund, the Commission of the European Communities, and the Ford Foundation. Other donors have also expressed interest in supporting the group.

Diwan, who serves as the secretary of the ERF's board of directors, says the new research group will model itself on institutions that have successfully nurtured policy research in other parts of the world. The group hopes to draw on the experiences of the Africa Economic Research Consortium in Nairobi, the Center for Economic Policy Institute in London and the National Bureau for Economic Research in Boston. Starting with $700,000 in funding for its first year, the group will enjoy enough success to warrant a $2 million budget in a few years, Diwan predicts.

The 100 to 150 Middle Eastern economists who will take part in the ERF will have an "outlet," or a forum through the new group, says Diwan. Currently, many economists in the area cannot publish their research outside of their countries or even in their own countries. But the ERF, he says, will regularly publish a newsletter, information leaflets and non-technical summaries of research in both English and Arabic to a wide audience of scholars, policymakers, government agencies and others.

"There is so little discussion about where the Middle East is going and what the region needs. There's never been much thought put to the idea of sharing research experiences. But you need debate and you need a forum if these ideas are going to be shared. Hopefully, the ERF's publications and workshops will be that kind of forum," says Diwan.

For more information on the ERF, contact Jeannie Yamine at (202) 473-2318. □

U.N. Photo 149110/J. Isaac

Woman sells limes at market in Cairo. The new research group will focus on economic issues unique to the Middle East.

Changes in Energy Sector Will Relieve Budget Pressure

JORDAN, *from page 1*

ergy sector's responsiveness to the needs of the economy and to guide investments.

"In the power sector, the government has taken pricing actions in the first instance as part of a plan to restore the financial health of the power enterprises. It is also embarking on the steps necessary to restructure the sector in a way that will enable the power enterprises to become autonomous corporations whose behavior will be guided by sound commercial business practices but with accountability for performance under a clear regulatory framework.

"The project is preparing the groundwork for the private sector to play an increasing role in the financing and management of sector operations and investments."

Under the plan, Jordan will phase out subsidies and allow prices to rise to world levels. The move will cut costs to the government's budget and enable power enterprises to become more self-sufficient. The plan also includes measures to promote energy conservation and the protection of the environment. □

Development Agenda

Date	Event	Sponsor	Location	Telephone
OCTOBER				
18-20	China Forum	World Economic Forum	Beijing	(41-22) 736-0243
18-21	Special Program of Assistance Donors' Meeting	World Bank	Paris	(33-1) 4069-3016
20-24	Joining Forces to Further Shared Visions	Association for Women in Development	Washington	(814) 863-7261*
22-24	Meeting, Donors to African Education Task Force/ African Ministers of Education and Training	Donors to African Education	Angers, France	(33-1) 4503-3796
24-26	Second Annual Independent Energy Forum	Independent Energy Business Magazine	New York City	(800) 922-3736*
25-29	Consultative Group on International Agricultural Research's *International Centers Week*	CGIAR	Washington	(202) 473-8913*
25-Nov. 12	General Conference	UNESCO	Paris	(33-1) 4568-1000
26	Moldova Consultative Group Meeting	World Bank	Paris	(33-1) 4069-3016
26-28	Meeting on Population and Development	Rockefeller Foundation	Bellagio, Italy	(212) 869-8500*
27	Belarus Consultative Group Meeting	World Bank	Paris	(33-1)40-69-3016
NOVEMBER				
2	Occupied Territories Ad Hoc Committee Meeting	World Bank	Paris	(33-1) 4069-3016
2-3	18th Annual Meetings of the Board of Governors	Islamic Development Bank	Banjul, Central African Republic	(926-2) 636-1400
3	Global Environment Facility Replenishment Meeting	World Bank	Paris	(33-1) 4069-3016
4-6	Global Environment Facility Governance Meeting	World Bank	Paris	(33-1) 4069-3016
6-25	Conference, 27th Session	Food and Agriculture Organization of the United Nations	Rome	(39-6) 57971
9-10	Vietnam Donors' Meeting	World Bank	Paris	(33-1) 4069-3016
18-20	Output Decline in Eastern Europe—Prospects for Recovery?	International Institute for Applied Systems Analysis	Laxenburg, Austria	(43-2236) 71-521
21-23	India Forum	World Economic Forum	New Delhi	(41-22) 736-0243

Editor's Note: *Development Agenda* is a feature that alerts journalists to key news events in the field of economic development. Journalists should contact sponsoring agencies for details about each event. Asterisk (*) indicates telephone number is in the U.S.A. All other telephone numbers include country and city codes.

The following story is embargoed for release in morning newspapers on Saturday, October 16.

Urgent Action Needed On East Asia's Environment

Unless urgent action is taken, East Asia's progress in human welfare could be undone by a continuing assault on the natural environment, according to Gautam Kaji, the World Bank's Regional Vice President for East Asia and the Pacific.

Gautam Kaji

In a speech to be delivered on October 16 to the World Economic Forum in Hong Kong, Kaji details the environmental challenges confronting East Asian countries, including degradation of air, water, land, forests and loss of biodiversity. He says that countries in the region must set priorities to protect the environment and must be pragmatic in achieving those goals.

Citing the effects of stringent but unworkable environmental policies copied from Western developed countries, Kaji says that "we need to stop pursuing idealistic and unrealistic goals and focus instead on an approach that accepts the need to compromise, eschews perfection, and is reasonably simple to implement."

He says that there had been "a quantum change in the appreciation of the choices to be made in the region and I am optimistic that vigorous and sensible actions will take place."

Kaji rejects the "common fallacy that environmental protection is inimical to economic growth." Growth was not the cause of environmental problems, but rather the cause was "the failure to recognize the clean environment as a scarce resource."

Kaji suggests a combination of strategies to protect and repair the environment, involving: market-based reforms, such as using prices and taxes to modify undesirable economic and environmental behavior; regulatory reforms—the so-called "command and control" approach; public disclosure requirements to mobilize public opinion and non-government resources, and; public investments.

"The agenda is so crowded that we need to address the most important problems first and get on the right path for sustained policy formation," Kaji says.

"Pursuing environmental sustainability in Asia is important in light of what is at stake. Both urban and rural problems are approaching unacceptably high social and economic costs," the World Bank official adds.

"But though serious, the outlook is far from bleak. In the past generation, East Asia has redefined our understanding of the word 'impossible' and I can think of no group of countries better equipped to tackle the challenges now confronting the environment," he says.

"East Asia will, I believe, surprise the skeptics once again and demonstrate that good growth is good for the environment, that the quality of government can directly shape the quality of growth, and that markets can take proper account of social, as well as economic, costs." □

Preston Pledges Assistance for India's Earthquake Reconstruction

The World Bank is working with the Government of India to help finance the reconstruction of homes and other buildings destroyed by an earthquake that killed thousands of people in the state of Maharashtra on September 30.

In a letter to India's Prime Minister P.V. Narasimha Rao, World Bank President Lewis Preston pledged the Bank's assistance in the reconstruction.

"The loss of life, the human suffering and the massive destruction of property are indeed devastating," Preston wrote.

Officials at India's Ministry of Finance and representatives from the World Bank are already working on the reconstruction project. Preston informed India's officials that a credit from the International Development Association (IDA) could be processed quickly under emergency procedures. The amount of the "emergency earthquake reconstruction credit" is expected to be large enough to cover reconstruction efforts for the next three years.

The credit is likely to include assistance for building houses. Villagers will receive materials and training so they can construct their own homes using designs that are more resistant to earthquakes. The credit will also include financing to rehabilitate infrastructure such as schools, hospitals and public buildings, and funding to restore and upgrade medical, educational and other services.

On October 6, the World Bank signed an agreement with the Government of India to provide $1.5 million to pay for the preparation of the reconstruction program, which IDA will help finance. □

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